

TESTIMONY OF JOHN B. CATOE, JR., GENERAL MANAGER  
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY  
BEFORE THE  
SUBCOMMITTEE ON HIGHWAYS & TRANSIT OF THE  
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE  
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Good afternoon, Mr. Chairman and Members of the Committee. Thank you very much for the opportunity to testify today on the experience of the Washington Metropolitan Area Transit Authority (WMATA) with the Buy America regulations under the purview of the Federal Transit Administration (FTA). As an FTA grantee, WMATA includes the Buy America requirements in all procurements over \$100,000 that utilize federal funding. We appreciate the interest of Congress in ensuring a healthy U.S. transit manufacturing industry to supply the needs of the many U.S. transit systems across the country, so that we may do our job of getting people where they need to go quickly, safely and in an environmentally friendly manner.

WMATA BACKGROUND

By way of background, WMATA was created in 1967 as an Interstate Compact agency through enactment of legislation by the U.S. Congress, and by the Commonwealth of Virginia, the State of Maryland, and the District of Columbia. WMATA is the largest mass transit provider in the Washington, D.C. metropolitan area and the second largest subway and fifth largest bus system nationally. "America's Transit System" serves a population of over 3.5 million within a 1,500 square-mile area. On average, we provide 720,000 rail trips, 439,000 bus trips, and 4,400 paratransit trips every weekday. The Metrorail system operates a fleet of 964 rail cars on over 106 miles of rail, with 86 stations, and the Metrobus system operates a fleet of 1,525 buses in the District of Columbia, Maryland and Virginia.

THE CHANGING MARKETPLACE

The rail car industry has changed greatly since WMATA procured its first 300 rail cars in 1976 from a company in California, a company which is no longer in the transit business. Over the decades American manufacturers of rail cars and many rail car components have gone out of

business, with their assets and/or designs acquired by manufacturers based in other countries. Today there are no U.S.-owned manufacturers of rapid transit or heavy rail cars, the type used on subway systems such as Metrorail.

Similarly, the bus manufacturing industry has changed since WMATA acquired four regional bus systems in 1973. Today there is only one U.S.-owned manufacturer of transit buses.

Buy America legislation and regulations have helped maintain American jobs in the rail car and bus industries, including the manufacture of component parts and final assembly.

### WMATA AND BUY AMERICA

Historically, the Buy America regulations apply to a wide variety of WMATA procurements, including steel and manufactured goods and rolling stock (better known as railcars and buses). The Buy America regulations distinguish between procurements for steel, iron and manufactured products and for rolling stock. For example, when WMATA procures steel for use in the construction and maintenance of WMATA facilities and track work, the contractor must certify that the steel is of one hundred percent (100%) domestic origin. On the other hand, when procuring buses and rail cars, the contractor must certify that more than 60 percent of the components (by cost) will be produced in the United States and that final assembly takes place in the United States. WMATA conducts both pre-award and post-delivery audits to ensure that the rolling stock meets the Buy America requirements.

Subsequent to its initial rail car order, WMATA has purchased rail cars from companies based in Italy, Spain, and France. Each of these procurements fully complied with the Buy America requirements, with 60 percent of the components of domestic origin and the final assembly performed in facilities in the U.S. – in New York State and in Maryland. In WMATA's last railcar procurement, component parts were purchased from nearly 20 states across the country. For example, the floor heaters were from a company in New York City, the couplers from a company in North Carolina, and windows from a company in Pennsylvania.

Since 2001, WMATA bus procurements have included 345 low floor buses from a Canadian-owned company, 21 articulated buses from a (then) German-owned company, and 250 buses from another German-owned company. Again, each of these procurements fully complied with the Buy America requirements, with final assembly performed in facilities in Minnesota, Colorado, and New York State. WMATA currently has an active request for proposal for 500 buses.

### ISSUES RAISED IN SAFETEA-LU AND THE SUBSEQUENT FTA RULEMAKING

A key issue raised by Congress in the SAFETEA-LU legislation is the definition of “end product,” which the FTA addresses in its proposed changes to the Buy America regulations. WMATA believes that it is important that the final FTA regulations provide clarity, consistency and predictability with regard to this issue.

We believe, as do many transit agencies, that by removing the so-called “shifting” methodology from the regulation, there will be more predictability and competition in the marketplace benefiting both transit agencies and manufacturers. The representative list of end products to be included in the final regulation will have significant long-term consequences on the procurement process, including the extent of competition, time to procure items and cost to transit agencies. We would encourage FTA to provide a period of public comment on any revisions made to its draft list prior to finalizing the Buy America rule, and to revisit this list periodically as technology and the marketplace continue to change.

### WMATA'S EXPERIENCE WITH FTA ON BUY AMERICA ISSUES

Since Buy America was enacted, WMATA has included the requirements in its procurement documents and has been able to purchase equipment and materials within the parameters of Buy America regulations. When questions arise, WMATA staff communicates with the FTA, and the FTA is always an excellent source for assistance in applying the Buy America regulations. In the few instances where WMATA requested a waiver of the Buy America requirements, usually due to non-availability of a domestic source, the FTA has quickly acted upon WMATA's request. I would characterize our communications and working relationship with the FTA on Buy America issues as good.

WMATA also appreciates the opportunities provided by FTA to comment on the two notices of proposed rulemaking and the detailed treatment of the public comments in the subsequent *Federal Register* notices.

### CLOSING

WMATA commends the FTA on its efforts to update the Buy America regulations and to solicit and incorporate input from the transit industry. These regulations are important not only to the manufacturing sector and its employees, but also to transit authorities and transit riders. We all have a vested interest in maintaining a healthy transit supply industry. I also commend the House Transportation and Infrastructure Committee and this subcommittee for its continuing efforts to provide appropriate legislation and oversight to ensure that we can continue to keep America moving on public transportation. Thank you again for the opportunity to appear before you today. I would be happy to answer any questions.